

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 2182 – Pickup Truck Registration Fees (LSB 5648 SV)

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Fiscal Note Version – New

Requested by Transportation (Senate)

Description

Senate File 2182 eliminates the flat fees currently charged for the annual registration of model year 2008 and subsequent model year trucks with an unladen weight of 7,500 pounds or less. The Bill provides that such trucks will be registered in the same manner as most other vehicles, based on the value and weight of the vehicle. The flat fee schedule will continue for 2007 and older model-year trucks. The Bill takes effect January 1, 2007.

Assumptions

1. Owners of 2007 and previous model-year trucks with an unladen weight of 7,500 pounds or less will continue to pay a flat-fee registration, based on the combined gross weight of the vehicle or combination of vehicles.
2. The combined gross weight of a truck, or combination of a truck and another vehicle, with an unladen weight of 7,500 pounds or less, is three tons (6,000 pounds), four tons (8,000 pounds), or five tons (10,000 pounds).
3. In calendar year 2005, approximately 43,500 new trucks with an unladen weight of 7,500 pounds or less were purchased, of which 34,200 (78.6%) weighed three tons, 8,000 (18.4%) weighed four tons, and 1,300 (3.0%) weighed five tons.
4. The total number of model year 2008 and subsequent-year trucks with an unladen weight of 7,500 pounds or less that will be registered is unknown. Based on the number of new trucks purchased in 2005, this analysis assumes approximately 43,500 trucks will be model-year 2008 trucks, of which 34,200 (78.6%) will weigh three tons, 8,000 (18.4%) will weigh four tons, and 1,300 (3.0%) will weigh five tons.
5. Current registration fees for trucks with a combined gross weight of three tons, four tons, and five tons are \$65 (for trucks that are new to 10 years old and weigh three tons or less), \$80 (for trucks weighing more than three tons but not exceeding four tons), and \$90 (for trucks weighing more than four tons but not exceeding five tons).
6. The annual registration fee for model year 2008 trucks with an unladen weight of 7,500 pounds or less will be 1.0% of the vehicle's value, plus 40 cents per 100 pounds of the vehicle's weight.
7. The weight and value of multipurpose vehicles is equivalent to the weight and value of trucks with an unladen weight of 7,500 pounds or less. The current average annual registration fee for a multipurpose vehicle is approximately \$328. A total of 43,500 trucks registered at \$328 will generate an estimated \$14.3 million in the first year.
8. The total amount of motor vehicle registration revenues attributable to the change in truck registration fees will be approximately \$11.3 million in the first year (revenues under current law are approximately \$3.0 million).

9. The Treasurer of State will calculate monthly the excess revenues derived from registering 2008 and subsequent model year trucks with an unladen weight of 7,500 pounds or less, under the fee rate based on weight and value rather than the current flat fee rate.
10. The last three months of CY 2007 (October, November, and December) will be affected by the proposed legislation since model year 2008 trucks will be available in the second half of CY 2007. The number of model year 2008 trucks that will be registered in CY 2007 and the amount that will be collected is unknown.
11. Costs associated with calculating monthly the excess revenues derived from registering model year 2008 and subsequent-year trucks with an unladen weight of 7,500 pounds or less, under the fee rate based on weight and value rather than the current flat fee rate, are anticipated to be minimal.

Fiscal Impact

The estimated fiscal impact of SF 2182 is an increase of \$36.7 million to the Road Use Tax Fund from CY 2007 through CY 2010. The fiscal impact does not take into account the increase and decrease in vehicle value in subsequent years. The estimated fiscal impact is as follows:

- CY 2007: \$2.8 million
- CY 2008: \$14.1 million
- CY 2009: \$25.4 million
- CY 2010: \$36.7 million

Source

Department of Transportation

/s/ Holly M. Lyons

February 13, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
